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No.

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1983

GARLOCK INC,

Petitioner

v.

W. L. GORE & ASSOCIATES, INC.,

Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

1. Whether the new United States Court of Appeals for the Federal Circuit has the power to make decisions inconsistent with a District Court's findings of fact, when the findings concern questions hinging on disputed evidence and credibility of witnesses, and when none of the findings is held to be clearly erroneous.

2. Whether, when a court of appeals believes that a district court's findings of fact rest upon an erroneous view of the law, the court of appeals may make its own determinations of disputed factual issues instead of remanding and affording the district court an opportunity to do so.

STATEMENT PURSUANT TO RULE 21(b)

All parties in the proceedings below are listed in the caption of the case in this Court.

STATEMENT PURSUANT TO RULE 28.1

Garlock Inc ("Garlock") is a wholly-owned subsidiary of Colt Industries Inc. Garlock's subsidiaries, other than wholly owned, are as follows:

Garlock Bearings Inc;
Garlock de Mexico, S.A.;
Garlock Pty, Ltd.; and
Louis Mulas, Sucs., S.A.

Garlock's only affiliates are the other subsidiaries of Colt Industries Inc, as well as their subsidiaries, namely:

Central Moloney Inc;
Colt Industries Operating Corp and its subsidiaries;
- Chandler Evans Inc;
- Colt Industries Credit Corporation;
- Colt Industries Credit Corporation of New Jersey
- Colt Industries International Inc;
- Crucible Materials Corporation; and
- Holley Bowling Green Inc;

Delavan Inc and its subsidiary
- Delavan-Delta Inc; and

Menasco Inc and its subsidiary
- Menasco Canada Ltee.

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Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Garlock Inc, respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 721 F.2d 1540 and is set forth below at A-1. An order of the Court of Appeals, modifying a sentence in the opinion but otherwise denying rehearing, is set forth at A-42 and 43. The order and opinion of the District Court are reported at 220 U.S.P.Q. 220 and are set forth at A-45.

Statement of Jurisdiction

The judgment of the Court of Appeals was entered on November 14, 1983, and in response to a timely petition for rehearing, the Court of Appeals issued an order on February 21, 1984, modifying the opinion. By Order

of May 4, 1984 (A-44), The Chief Justice granted an extension of time until July 5, 1984, to file this Petition. This Court has jurisdiction under 28 U.S.C. §§1254(1) and 2101(c) (1978 Supp. II).

APPLICABLE RULE

Rule 52(a), Federal Rules of Civil Procedure:

"(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b)."

STATEMENT OF THE CASE

Petitioner Garlock Inc ("Garlock") has manufactured and sold products made from polytetrafluoroethylene ("PTFE", better known by the duPont trademark TEFLON), for over twenty-five years. Respondent W. L. Gore & Associates ("Gore") also manufactures and sells PTFE products. In 1976, Gore obtained U.S. Patent No. 3,953,566 ("the 566 patent") on a process for producing PTFE articles by stretching.

In 1979, Gore brought suit in the United States District Court for the Northern District of Ohio, charging Garlock with infringement of the 566 patent. Two months later, Gore obtained U.S. Patent No. 4,187,390 ("the 390 patent"), claiming the products of the process of the 566 patent, and brought a second action against Garlock. The two suits were consolidated and Garlock counterclaimed in both cases, alleging that the Gore patents were invalid.

Trial lasted five weeks before a seasoned United States District Judge (*Manos*). There were over 300 exhibits, 19 live witnesses, and 16 deposition witnesses.

In what the Court of Appeals later described as an "exhaustive 37-page memorandum opinion reflective of a careful, conscientious approach" (A-6), the District Court decided all of Gore's claims in favor of Garlock, holding that the Gore patents were invalid on three independent grounds: (1) they were anticipated by prior art under 35 U.S.C. §§102(a) and (b) (A-69); (2) they were obvious "to a person having ordinary skill in the art" under 35 U.S.C. §103 (A-79); and (3) the patent claims were indefinite under 35 U.S.C. §112 (A-89). The District Court supported each of these holdings with detailed findings of fact.

On appeal, a divided panel of the United States Court of Appeals for the Federal Circuit (*Markey*, Miller; *Davis* dissenting in part) affirmed the holdings that one central claim of the 566 patent was invalid because it

was within the prior art and that another claim of the 566 patent was invalid as obvious. However, the Court of Appeals reversed all of the District Court's other holdings of invalidity and remanded the case solely "for determination of the infringement issue." A-32. None of the District Court's findings was held clearly erroneous. The panel majority reasoned that "the salut[a]ry injunction of F.R.C.P. 52(a) cannot be controlling on all issues," because, the majority stated, the District Court had committed "dispositive legal error." A-7. The panel did not assert that — or explain how — the supposed "legal error" had caused error in the findings of fact that had actually been entered by the District Court. Instead, the panel majority's 44-page opinion briefly identified eight supposed "legal" errors (id.),[1] saying at most that one of them "*may have contributed*" to the findings of fact (A-19, emphasis supplied), and analyzed in minute detail and reweighed the conflicting evidence presented at trial. A-7 to 29. The majority said that it was "not persuaded" by the evidence that had persuaded the District Court, and believed that it was "reasonable to conclude" differently. A-21,24. The majority relied in part upon a physical demonstration which it had allowed Gore, over objection, to present at oral argument before the Court of Appeals. A-14. The majority concluded that Garlock "failed to carry its burden" of proving the patents invalid. A-7,20,22,29.

Judge Davis dissented in part. Relying solely on "the facts found by the District Court," he challenged the majority's central holdings that some claims of the 566 patent were not obvious. A-37. Judge Davis noted that the District Court had specifically found as a fact that the matters referred to in certain of the claims had been practiced in the prior art (A-37 to 38) — a finding

1. We believe the Court of Appeals erred in its views of the law, but we do not contend that the errors of substantive patent law present questions warranting certiorari.

that had not been set aside by the panel majority.[2] Judge Davis stressed that the majority's holding of non-obviousness of the remaining claims in issue could not be reconciled "with the solid facts in the record as to the prior operation" of the machine in question. A-38 to 39.

Garlock petitioned the Court of Appeals for rehearing *in banc* and showed that the findings and conclusions of the Court of Appeals were in direct conflict with findings made by the District Court that had not been held clearly erroneous.

The Court of Appeals granted the Petition for Rehearing "only to the extent of modifying a sentence in the opinion" by editing out a statement that no findings of fact had been set aside. The edited language suggested that errors of law justified redetermination of the facts, even though none of the findings was clearly erroneous. A-42, 43. Specifically, the Court of Appeals modified its initial opinion as follows (bracketed items deleted; underscored portions added):

> "[Though] Findings that 'rest on an erroneous view of the law may be set aside on that basis,' Pullman-Standard v. Swint, 456 U.S. 273 (1982)[,] . Thus, it is unnecessary here to set aside any probative fact found by the district court on the basis of its being clearly erroneous, or to engage in what would be an inappropriate reweighing of the facts."

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2. Indeed, the majority accepted that finding in affirming the holding of invalidity of two claims of the 566 patent. See page 14, n.8, below.

REASONS FOR GRANTING THE WRIT

This is one of a considerable and growing number of cases presenting similar issues that come to this Court from the new United States Court of Appeals for the Federal Circuit.[3] Both "questions presented" in this case concern the degree of deference that must be accorded on appeal to decisions of factual issues by United States District Courts in patent cases. Directly contrary to the intent of the legislation that brought it into being, the new appellate court is repeatedly usurping the factfinding functions of United States District Courts.

The present case presents a particularly good vehicle for this Court to enunciate the proper scope of appellate review for the new court of appeals, because it presents the problem sharply and it involves several distinct categories of refusal to defer to district court factfinding: second-guessing the District Court's assessments of witness credibility and the District Court's evaluation of a lengthy record; rejecting findings simply because the Court of Appeals would have given greater weight to certain evidence; deciding legal issues in a manner inconsistent with underlying findings that have not been held clearly erroneous; and making determina-

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3. There are at least five recent Federal Circuit cases in addition to the present case in which certiorari has been or is being sought on questions substantially the same as those presented here. *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440 (CA Fed. 1984); *TP Laboratories, Inc. v. Professional Positioners, Inc.*, 724 F.2d 965 (CA Fed. 1984), *petition for cert. filed*, No. 83-1939 (U.S. April 2, 1984); *White v. Jeffrey Mining Machinery Co.*, 723 F.2d 1553 (CA Fed. 1984), *petition for cert. filed*, No. 83-1913 (U.S. May 22, 1984); *Rohm and Haas Co. v. Crystal Chemical Co.*, 722 F.2d 1556 (CA Fed. 1983); and *Baginsky v. United States*, 697 F.2d 1070 (CA Fed.), *cert. denied*, No. 83-3, 104 S. Ct. 423 (1983). In addition to those cases, there are many other recent decisions, discussed in this Petition, that demonstrate the Federal Circuit's systematic disregard of this Court's decisions concerning scope of review of district courts' factfinding.

tions of disputed factual issues, without first remanding for further findings, in areas where the Court of Appeals maintains that the District Court had an erroneous view of the law.

I. The New Court of Appeals Has Adopted A Policy and Practice That Sharply Departs From The Standards Set Out In This Court's Prior Decisions Concerning Deference To District Court Findings Of Fact

Rule 52(a) of the Federal Rules of Civil Procedure provides in pertinent part that "[f]indings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." The deference mandated by Rule 52(a) is not limited to findings based upon live testimony. *Bose Corp. v. Consumers Union of the United States, Inc.*, No. 82-1246, slip op. at 14, 52 U.S.L.W. 4513, 4517 (U.S. April 30, 1984); *e.g.*, *United States v. United States Gypsum Co.*, 333 U.S. 364, 394 (1948). Nor is it limited to findings of so-called "subsidiary fact." *Pullman-Standard v. Swint*, 456 U.S. 271, 293 (1982).

The fundamental premise of Rule 52(a) is that appellate courts are poorly equipped to resolve disputed factual issues. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 123 (1969). A trial court can see and evaluate the demeanor of witnesses, has an opportunity to put questions to them, "live[s] with the controversy for weeks or months instead of just a few hours,"[4] and is responsible for deciding the entire controversy, not simply a particular legal issue. An appellate court, in contrast, is supposed to be limited to a cold record; has no opportunity to evaluate witness demeanor; handles more cases than a trial court; and deals only

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4. *Bose Corp. v. Consumers Union*, slip op. at 14, 52 U.S.L.W. at 4517.

with specific assignments of error. Rule 52(a) is grounded in large part on recognition of these institutional differences. As a close corollary, when findings of fact rest upon an erroneous view of the law, the district court must generally be given an opportunity to resolve the factual issues under the correct legal standard. *Pullman-Standard v. Swint*, 456 U.S. at 291-93.

This Court has carefully supervised the courts of appeals in their application of Rule 52(a) and has "repeatedly held that the rule means what it says." *Bose Corp. v. Consumers Union*, slip op. at 12, 52 U.S.L.W. at 4517, *citing Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 855-56 (1982); *Pullman-Standard v. Swint*, 456 U.S. at 287; *United States v. United States Gypsum Co.*, 333 U.S. at 394-96. These decisions show clearly that exceptions to Rule 52(a) are narrowly construed and that a practice deviating from the principles of Rule 52(a) warrants high priority for exercise of this Court's supervisory power.

While paying lip service to Rule 52(a) by describing it as "salut[a]ry" (A-7), the Federal Circuit has effectively held it irrelevant. Because the wrong standard of review was pervasively applied, the consequences infect virtually all of the lengthy decision and a full list would be intolerably long from the standpoint of a Petition for Certiorari. We will therefore limit this discussion to representative examples in two major categories: (A) reweighing the evidence, and (B) refusing to remand where there have been alleged errors of law.

A. *Reweighing the Evidence*

An important and explicit ground for the deference mandated by Rule 52(a) is that the trial judge, who alone has the opportunity to evaluate witness demeanor, has a superior opportunity to assess credibility. That consideration takes on extra force in patent cases, which depend heavily on expert testimony concerning complex scientific matters. Thus, this Court held in a patent case,

Graver Tank & Manufacturing Co. v. Linde Air Products Co., 336 U.S. 271, 274-75 (1947):

> "To *no* type of case is [the requirement of deference to the trial court's decisions on factual issues] more appropriately applicable than to the one before us, where the evidence is largely the testimony of experts as to which a trial court may be enlightened by scientific demonstrations." (emphasis supplied)

The courts of appeals other than the Federal Circuit have repeatedly held that deference is crucial in patent cases. *See, e.g., Rockwell v. Midland-Ross Corp.*, 438 F.2d 645, 649 (CA7 1971):

> "Where the findings of the district court comparing the disclosures of the prior art to the patent claims and the accused structure are, in large part, based on expert testimony, [an appellate court] cannot consider the issues as though [it] were a *nisi prius* court."

In this case, however, the Court of Appeals repeatedly overruled, without holding clearly erroneous, findings which the District Court had made on the basis of its evaluation of the credibility of live testimony of expert witnesses on complex scientific issues. Two examples illustrate.

First, in holding the Gore patents invalid under 35 U.S.C. §112 for indefiniteness, the District Court credited and relied heavily upon the expert testimony of Dr. Armstrong, an MIT professor. The District Court found that "[t]he determination of rate of stretch is critical to the validity of the [Gore] patents," because in both patents Gore sought to distinguish prior art on the ground that the supposed Gore inventions required a rate of stretch exceeding 10% per second. A-81. Dr. Armstrong testified that the term "rate of stretch" was ambiguous, and that the Gore patents provided "no guidance" in resolving its meaning. A-82 to 83. Gore's expert, Dr.

Sperati, flatly disagreed. The District Court resolved the conflict in the expert testimony by accepting the testimony of Dr. Armstrong, rejecting the testimony of Dr. Sperati (A-87 to 88), and finding as a fact that "the term 'rate of stretch' does not have a single definition." A-82.

In its findings of fact, the District Court described in detail various mathematical formulae which, when applied to the same stretching process, compute different values of "rate of stretch." A-82; see A-83 to 86. When computed according to a formula advanced by Gore, the "rate of stretch" in one of Garlock's accused PTFE stretching processes was within the scope of the Gore patent claims. But when computed according to another of these formulae, the "rate of stretch" in that same Garlock process was a noninfringing value. A-85. The District Court went on to specifically find that the formula for computing the noninfringing value "was consistent with . . . the definition of stretch rate used by polymer rheologists *before the applications upon which the [Gore] patents issued, were filed*." A-86 (emphasis supplied).

Reversing the holding of claim indefiniteness, the Court of Appeals adopted the testimony of Dr. Sperati and asserted that "[t]here was *no evidence* and *no finding* that those skilled in the art would have found . . . the claim language indefinite on [the filing date]." A-25 to 26 (emphasis supplied). The Court of Appeals relied heavily on the fact that Dr. Armstrong "was still in school at that time" when the patent application had been filed, and said "[t]here is *uncontradicted evidence*" that the term "rate of stretch" had only one meaning. A-26 (emphasis supplied). Thus, the Federal Circuit regarded it as its province not only to reweigh evidence and reassess witness credibility, but to disregard one expert's testimony, branding it "no evidence," via appellate second-guessing of the expert's credentials. The Federal Circuit has taken a comparable approach in other cases.[5]

5. The author of the panel opinion in the present case also wrote the majority opinion in *Jones v. Hardy*, 727 F.2d 1524 (CA

Another example of improperly disregarding credibility assessments concerning expert testimony may be found in the appellate court's review of the District Court's findings in support of the holding that Gore's product patent was invalid because it had been anticipated by two other patents.

The District Court held the 390 patent invalid under 35 U.S.C. §§102(a) and (b) because the claimed subject matter had been anticipated by a prior Japanese patent to Sumitomo and by a prior U.S. patent to Smith. The factual question before the District Court was whether those patents inherently disclosed, to a person skilled in the art, the products claimed in Gore's patent. That question depended heavily on expert testimony. An expert witness for Garlock, Dr. Lontz, testified in detail to explain his opinion that both the Sumitomo and Smith patents inherently disclosed the products claimed in Gore's patent.[6] Gore's expert testified to the contrary. The District Court found:

> "[T]he court finds the invention claimed in the 390 patent anticipated by prior art under 35 U.S.C. §§102(a) and (b) because: (1) the 'nodes interconnected by fibrils' microstructure claimed by the patent is an inherent characteristic of paste-extruded PTFE products stretched at temperatures between 300 degrees and 400 degrees C., as taught by the Smith patent; and (2) the high strength PTFE products of claims 1, 9, 12, 14, 18, 35, 36, 43, 67 and 77

Fed. 1984). The dissenter in *Jones* said: "I also disagree with the majority's characterization that '[t]he probative facts necessary to decision are of record and are not in conflict.' . . . *[T]here are factual disputes which cannot be clearly or simply characterized as 'uncontradicted.' . . . [T]he majority improperly stepped into the province of the factfinder. . . .*" *Id.* at 1534 (emphasis supplied).

6. As the District Judge noted, Dr. Lontz specifically testified, *inter alia*, that "the simultaneous drawing and sintering that was done at Garlock [*i.e.*, the allegedly infringing process] *exactly* fits the disclosure by the Smith patent." A-65 (emphasis supplied by the District Court).

> are inherent in the examples taught by the Sumitomo patent."

A-69.

Without finding clear error in the District Court's factual determination, the Court of Appeals found as a fact that:

> "Neither Smith nor Sumitomo disclose an invention set forth in any claim of the 390 patent."

A-20. Expressly noting the conflicts in the divergent testimony of the parties' experts, the Court of Appeals brushed aside the District Court's findings on the ground that Garlock's expert testimony was not accompanied by "inter partes tests in which the Smith and Sumitomo processes were conducted [and] [n]o products of those processes [or analyses of such products] were placed in evidence" and held:

> "*[W]e are not persuaded* that the 'effect' of the processes disclosed in Smith and Sumitomo, an 'effect' undisclosed in those patents, would be always to inherently produce or be seen always to produce products meeting all of the claim limitations."

A-21 (emphasis supplied). If "inter partes tests" pertinent to Garlock's expert's testimony were not in evidence, that was manifestly a question of weight of the testimony, not of its admissibility, and it should have been a question for the trier of fact. But that is apparently not so in the Federal Circuit.

Other recent cases confirm that the Federal Circuit refuses to follow the guidelines set down by this Court in *Graver Tank* concerning expert testimony. For example, in *Hughes Aircraft Co. v. United States*, 717 F.2d 1351 (CA Fed. 1983), a panel of the Federal Circuit based its reversal on the testimony of one expert, notwithstanding a strong dissent based on the facts that there was conflicting expert testimony on that point and that the

majority had improperly second-guessed its credibility. 717 F.2d at 1367 and n.2. Reversing yet again in *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (CA Fed. 1984), the Federal Circuit reviewed expert testimony and branded it "equivocal or evasive and, therefore, not substantial enough to overcome the testimony given by the products themselves."

The present case also shows that the Federal Circuit's improper reweighing of the evidence goes beyond second-guessing of the credibility of expert witnesses. One of the reasons the District Court struck down Gore's patents in this case was that the inventions claimed were "obvious" for purposes of 35 U.S.C. §103. In weighing the evidence of obviousness, the District Court specifically considered Gore's evidence of the commercial success of its products. A-79 to 80. The District Court held, and Gore does not dispute, that commercial success is "but one of a number of '[s]econdary considerations . . .' " pertinent to the determination of whether an invention is obvious. A-80.

The Court of Appeals, however, held that the District Court had attached insufficient weight to the evidence of commercial success. The Court of Appeals then reweighed the evidence, stressed the evidence of commercial success, found on the basis of the reweighing that "*it is reasonable to conclude* that the claimed products would not have been obvious to persons of ordinary skill in the art at the time the claimed inventions were made," A-24 (emphasis supplied), and reversed the District Court's holding. This sort of appellate review is exactly what this Court condemned in *Inwood Laboratories*:

> "By rejecting the District Court's findings simply because it would have given more weight to [certain] evidence . . . than did the trial court, the Court of Appeals clearly erred. Determining the

> weight and credibility of the evidence is the special province of the trier of fact."

456 U.S. at 856.[7]

A further illustration of such improper reweighing can be found in connection with the District Court's determination of obviousness under 35 U.S.C. §103. Such a determination requires a finding of fact concerning the level of ordinary skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1 (1966). Here, the District Court found as a fact that rapid stretching of PTFE at a rate exceeding 10% per second (a critically important aspect of Gore's claimed invention) was within the level of ordinary skill, *i.e.*, was the accepted wisdom of the prior art. A-78 to 79. The Court of Appeals majority, however, found that Gore had "proceeded contrary to the accepted wisdom of the prior art" by stretching rapidly, A-17, and reversed the District Court's holding of obviousness under 35 U.S.C. §103 of two claims of the 566 patent. In so doing, the Court of Appeals second-guessed the findings of the District Court.[8]

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7. To the same effect is *United States v. National Association of Real Estate Boards*, 339 U.S. 485, 495-96 (1950):

> "It is not enough that we might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent. [Citations]. We are not given those choices, because our mandate is not to set aside findings of fact 'unless clearly erroneous.' "

8. The Court of Appeals also second-guessed its own factual determinations. The District Court found that the rapid stretching of PTFE had been practiced in the prior art, and consequently held certain claims of the 566 patent invalid under 35 U.S.C. §102. The panel majority affirmed the District Court's holding that claim 1 of the 566 patent was invalid for anticipation, a holding which depended on the finding that rapid stretching of PTFE had been practiced in the prior art. The dissenting Circuit Judge sharply attacked the internal inconsistency of the majority opinion. A-40 to 41.

Such second-guessing also occurred on the issue of anticipation. For example, it was undisputed that a third party, Budd Company, had used the process that is the subject of the 566 patent before the filing of the patent application, but there was a material factual dispute concerning whether Budd had kept the process secret.[9] The District Court evaluated the conflicting evidence (A-62 to 65) and found as a fact that Budd had not kept the process secret. A-69, n.24.

The Court of Appeals reweighed the testimony and the other evidence, found that Budd had in fact kept the process secret, and concluded that "[t]he district court therefore erred *as a matter of law* in applying the statute and in its determination that Budd's secret use . . . rendered all process claims of the 566 patent invalid." A-13 (emphasis supplied). The panel offered no explanation of how the highly factual question of whether Budd had kept the process secret could have been transformed into an "error of law."

Once again, the present case is part of a pattern. Recent Federal Circuit cases disclose other examples. *See, e.g., RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440, 1449 (CA Fed. 1984) (dissent criticizing majority's disregard of Rule 52(a) and majority's decision of the factual issue of anticipation on the basis of majority's findings of technological fact that conflicted sharply with specific findings of the district court that were not held clearly erroneous); *Jones v. Hardy*, 727 F.2d at 1534-35 (dissent: "the majority improperly stepped into the province of the factfinder"); *Rohm and Haas Co. v. Crystal Chemical Co.*, 722 F.2d 1556, 1570-73 (CA Fed. 1983) (reweighing conflicting evidence and overruling — without holding clearly erroneous — detailed district court findings to the effect that

9. Secret uses do not constitute prior art, but the nonsecret use of a claimed process in the usual course of producing articles for commercial purposes is a "public use." *Electric Storage Battery Co. v. Shimadzu*, 307 U.S. 5, 20 (1939).

Rohm and Haas lacked the requisite intent to defraud the Patent Office); *see also White v. Jeffrey Mining Machinery Co.*, 723 F.2d 1553 (CA Fed. 1983) (overturning jury answers to special interrogatories and resolving disputed factual issues contrary to reasonable inferences supporting the jury's verdicts).

In a very recent decision, this Court stressed that the requirement of deference to district court determinations of factual issues applies with extra force in cases such as the present one in which trial has been lengthy. *Bose Corp. v. Consumers Union*, slip op. at 14, 52 U.S.L.W. at 4517. The approach of the Federal Circuit is completely inconsistent with *Bose* and with the mandate of *United States Gypsum*, 333 U.S. at 394.

B. *Refusal to Remand for Further Findings*

The Federal Circuit's refusal to remand for additional factual determinations in this case is directly contrary to the requirements of *Pullman-Standard v. Swint*, in which this Court held that "where findings are infirm because of an erroneous view of the law, a remand [for further findings on those issues] is the proper course unless the record permits only one resolution of the factual issue." *Id.* at 292. *Accord, Kelley v. Southern Pacific Co.*, 419 U.S. 318, 331-32 (1974); *DeMarco v. United States*, 415 U.S. 449, 450 (1974).

Here, the Court of Appeals did not hold "clearly erroneous" a single one of the detailed findings in the lengthy memorandum of the District Court. Rather, the Court of Appeals maintained that the findings were based on an erroneous view of the law. The opinion of the panel majority nowhere shows how any of the supposed legal errors had infected a single factual determination. The majority speculated only that one such supposed error, "[e]rror in visualizing the burden of proof on obviousness[,] *may have contributed*" to the determinations. A-19 (emphasis supplied). Many of the factual issues in question turned on the credibility of live wit-

nesses, especially expert witnesses. Garlock also introduced documentary evidence supporting its position on factual issues related to the supposed errors of law. There is no basis for saying that "the record permits only one resolution" of each such issue, and the Court of Appeals did not so hold. To the contrary, the appellate court simply was "not persuaded" by the evidence that had persuaded the District Court and found it "reasonable to conclude" differently. A-21, 24.

In essence, the Court of Appeals insisted on making its own determinations of the material factual issues, ranging from what knowledge could be gleaned from patents preceding Gore's to whether Budd Company had kept its process secret. When the Court of Appeals believed Garlock's expert testimony was flawed in not being accompanied by "inter partes tests," the Court of Appeals simply redetermined the facts. A-21.

Although Garlock's Petition for Rehearing specifically assigned error to the failure to remand, the Court of Appeals declined to permit the District Court to make new findings. In response to Garlock's petition, the Court of Appeals simply edited its opinion to change the phrase "it is unnecessary here to set aside any probative fact found by the district court," to add at the end the words "*on the basis of its being clearly erroneous*". A-42. Apparently the majority believed that simply stating that findings of fact are based on an erroneous view of the law allows a court of appeals to engage in *de novo* factfinding. That is directly contrary to this Court's holding in *Pullman-Standard*, 456 U.S. at 292.

This is not the first time the Federal Circuit has ignored the established standards governing when a remand is required. See, for example, *Jones v. Hardy*, 727 F.2d 1524, 1534 (CA Fed. 1984) (dissent: "Although the majority states that it is not making factfindings of its own, I believe otherwise. At a minimum, I would remand for factfindings by the district court on the obvi-

ousness issue"); Question 2 in the Petition for Certiorari in No. 83-1939, *Professional Positioners, Inc. v. TP Laboratories, Inc.; Baginsky v. United States*, 697 F.2d 1070, 1077 (CA Fed.), *cert. denied*, 104 S. Ct. 423 (1983) (dissent: "The majority . . . determines this previously undecided issue on its own without a remand. . . . I do not believe that it is proper or desirable for us to make our own initial fact findings on this issue without prior consideration by the Claims Court . . . . [T]he majority finds it appropriate to usurp the function of the Claims Court and make its own *de novo* factual findings. The majority fails to recognize that this court and the Claims Court are not a single court with both original and appellate jurisdiction, as was a predecessor court, the Court of Claims").

The Federal Circuit's approach to review of district courts' factfinding is directly contrary to the intent of the enabling legislation that brought the new Court of Appeals into being. In enacting that legislation, Congress was wary of the danger that the appellate judges on the new court might inappropriately rely on their own suppositions about scientific matters or on their "technical advisors," rather than on the record and district court findings, in reviewing cases coming from federal district courts.

The Commission on Revision of the Federal Court Appellate System (Hruska Commission), which laid the groundwork for the establishment of the Federal Circuit, heard extensive testimony on the inherent dangers of specialized courts. Justice Stevens, who then sat on the Court of Appeals with the heaviest patent caseload (the Seventh Circuit), cautioned that specialized courts presented special risks for the administration of justice in the federal courts.[10] The Seventh Circuit Bar Association stressed that "specialization more often than not produces judges who approach their cases with biases

10. Senate Judiciary Committee, Subcommittee on Improvements in Judicial Machinery, Position Paper of Bar Association of the Seventh Judicial Circuit on S-677 and S-678, 97th Cong., 1st Sess. 9 (1981).

arising from their limited experience," and that "[o]ur judicial system has traditionally compensated for this bias by providing appeals as a matter of right from specialized trial courts to appellate courts of general jurisdiction."[11] The Association also specifically argued that the "technical advisors" that had been proposed as chambers staff for Circuit Judges in the Federal Circuit had no place in review of federal district court judgments under Rule 52.

The Hruska Commission, expressly according special weight to these Seventh Circuit views, cautioned Congress that "Judges of a specialized court, given their continued exposure to and great expertise in a single field of law, *might impose their own views of policy even where the scope of review under the applicable law is supposed to be more limited.*"[12]

Congress responded directly to these concerns. After cautioning that it would be improper to use technical advisors in adversary patent infringement cases coming from the federal district courts, the House Committee Report emphasized that "[i]t is well established that *factual issues in a patent case must be tried and decided by the trial judge or a jury in precisely the same manner as such issues are tried in any other kind of a lawsuit*," and "it is the settled practice of the circuit courts of appeals in patent cases to honor and respect Rule 52(a) F.R.Civ.P."[13]

Exactly what Congress and the Hruska Commission feared has come to pass as a matter of policy in the Federal Circuit. In this case and the closely related pattern of cases discussed above,[14] the Federal Circuit has departed sharply from this Court's teachings in deci-

11. *Id.* at 7.

12. *Id.* at 13 (emphasis supplied).

13. H.Rep. No. 97-312, 97th Cong., 1st Sess. 37 (1981) (emphasis supplied).

14. See also *Amstar Corp. v. Envirotech Corp.*, ____ F.2d ____, No. 83-1090 (C.A. Fed., March 27, 1984); *Lindemann v. American Hoist and Derrick Co.*, ____ F.2d ____, No. 83-1178 (C.A. Fed., March 21, 1984); *Raytheon Co. v. Roper Corp.*, 724 F.2d 951 (CA Fed. 1983).

sions such as *Graver Tank, U.S. Gypsum, Inwood Laboratories,* and *Pullman-Standard.* The Federal Circuit improperly refuses to defer to district courts' assessments of credibility of expert witnesses. The Federal Circuit reverses when it is "not persuaded" by the evidence or when "it is reasonable to conclude" differently from the findings of the district court. A-21,24. The Federal Circuit refuses to remand for further factfinding and makes its own findings when a supposed error of law "may have contributed" to the District Court's findings. A-19. The Federal Circuit has transformed the notion of "factfinding based on an erroneous view of the law" into an exception that swallows Rule 52(a).

It is not surprising that at least two of the new appellate court's own members have repeatedly and publicly criticized the court's usurpation of district courts' factfinding. One of them has correctly remarked that the new Court of Appeals "fails to recognize that this court and [trial courts] are not a single court with both original and appellate jurisdiction," and is "improperly stepp[ing] into the province of the factfinder."[15]

II. The Federal Circuit's Approach To Review Of Findings Of Fact Frustrates The Effective Functioning Of Federal District Courts and Threatens The Integrity Of The Judicial System

Rule 52(a) and the related principles are important not just because they are fair to litigants. They are also of crucial importance to the effective functioning of the judicial system:

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15. *Baginsky v. United States*, 697 F.2d at 1077 (Kashiwa, J., dissenting); *Jones v. Hardy*, 727 F.2d at 1534-35 (Kashiwa, J., dissenting); *Accord, RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d at 1449 (Kashiwa, J., dissenting); A-36 to 40 (Davis, J., dissenting); *Hughes Aircraft Co. v. United States*, 717 F.2d at 1367 and n.2 (Davis, J., dissenting).

> "The entire responsibility for deciding doubtful fact questions in a nonjury case should be, and we think it is, that of the district court. The existence of any doubt as to whether the trial court or this Court is the ultimate trier of fact issues in nonjury cases is, we think, detrimental to the orderly administration of justice, impairs the confidence of litigants and the public in the decisions of the district courts, and multiplies the number of appeals in such cases."

Pendergrass v. New York Life Ins. Co., 181 F.2d 136, 138 (CA8 1950), quoted in 9 Wright & Miller, *Federal Practice & Procedure* §2587 (1971).

The approach to federal district courts' factfinding taken by the Federal Circuit effectively gives unsuccessful patent litigants a second bite at the apple. That can only increase the volume of appeals, decrease the certainty and finality of judgments, further clog the district courts with drawn-out proceedings in lengthy and complex patent litigation, and add to the burden on this overworked Court. If the Federal Circuit is to have extraordinary powers over federal district courts, that should be so only with the approval of this Court or Congress.

CONCLUSION

This Court should exercise its power of supervision by granting certiorari and issuing instructions to govern the Federal Circuit's review of findings of fact entered by United States District Courts. In the alternative, the judgment of the Court of Appeals should be summarily vacated and the case should be remanded with instructions to permit the District Court to make new findings of fact on the issues as to which the Court of Appeals has held that the District Court had an erroneous view of the law.

If the Court grants any of the other pending petitions for certiorari that deal with these problems of the

Federal Circuit,[16] the present case should be consolidated on a "straight-line" basis or held.

Respectfully submitted,

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16. See page 6, n.3, *supra*.